

SB 149 -1 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

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Meeting Dates: 2/13

WHAT THE MEASURE DOES:

Modifies existing property tax exemption qualification statute to allow property of a limited liability company (LLC) to qualify for exemption from ad valorem property taxation or special assessment if the limited liability company is wholly owned by one or more nonprofit corporations or entities whose property is exempt from taxation under ORS 307.090. To qualify for exemption or special assessment, measure requires the property to otherwise qualify for exemption or special assessment if the property was held directly by the owners of the LLC. Applies to property tax years beginning on or after July 1, 2017.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 Replaces Section 1 of measure.

Modifies existing property tax exemption qualification statute to allow property of a limited liability company (LLC) to qualify for exemption from ad valorem property taxation or special assessment if:

- Limited liability company is wholly owned by one or more nonprofit corporations or entities whose property is exempt from taxation under ORS 307.090, and
- Property, if held directly by each of the LLC owners, would qualify for the exemption or special assessment.

Specifies that exemption or special assessment is granted in least extent that the property would be granted if in the hands of any of the owners of the LLC.

BACKGROUND:

ORS 307.022 allows a limited liability company (LLC) to qualify for a property tax exemption or special assessment if and to the extent that all of the nonprofit corporation owners of the LLC would qualify for the exemption or special assessment. ORS 307.022 does not create a new type of property tax exemption but rather it allows LLCs to qualify for existing property tax exemptions or special assessments so long as the LLC is wholly owned by one or more nonprofit corporations that meet the applicable exemption or special assessment requirements.

Entities whose property is exempt from taxation under ORS 307.090 include the state, counties & other municipal corporations.

Related litigation is currently ongoing involving the Deschutes County Assessor, Department of Revenue and Life Flight Network LLC which is owned by nonprofits: Saint Alphonsus Regional Medical Center, Inc., Legacy Emanuel Hospital & Health Center, Providence Health System - Oregon, and Oregon Health & Science University which is a public benefit corporation established under ORS chapter 353 (No. TC-MD 150396N).